This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

**Usage guidelines**

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

+ *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.

+ *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.

+ *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.

+ *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

**About Google Book Search**

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at `http://books.google.com/`

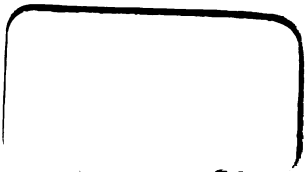
HDI
OHQ2 R

PENTER

ERN MONEY-
DING

Digitized by Google

HARVARD UNIVERSITY
GRADUATE SCHOOL
OF BUSINESS
ADMINISTRATION
BAKER LIBRARY



Digitized by Google

Digitized by Google

# MODERN

# MONEY-LENDING

## AND THE MEANING OF DIVIDENDS:

## A TRACT

BY

EDWARD CARPENTER.

SECOND EDITION—PRICE TWOPENCE.

JOHN HEYWOOD,
DEANSGATE AND RIDGEFIELD, MANCHESTER;
AND 11, PATERNOSTER BUILDINGS,
LONDON.
1885.

Digitized by Google

BLR
C295
1885

Mar. 6, 1942
1:37/M 11

Digitized by Google

# MODERN MONEY-LENDING.

THE practice of Money-lending is now carried out on such an enormous scale, and by such a large class of society, and is attended by certain evils so widespread and disastrous, that it has become fairly necessary to look the problem in the face; and whatever may be the conclusions arrived at, I shall consider the purpose of this paper fulfilled if it causes the reader (and myself) to confront the question and to see that it requires solution.

There has always been a disagreeable odour about this trade. The very word Usury has unpleasant associations with it. How is it then that we who reprobate the money-lending Jew of mediæval Europe and the marwari whose loans press so heavily to-day upon the peasant of India, are light-hearted enough to lend our money out at interest without a qualm, and (some of us) to make our entire subsistence on the gains so got from other people?

Is it that the Shylock and the marwari are so distant from us that we do not perceive our relationship to them?

"No," says someone, "the reason is that they practised and practise Usury; we only reap Interest. To live on the gains of other people becomes criminal when you depass a certain point."

What then is that point? Where is that line to be drawn which divides legitimate Interest from Usury? Let us remember that the word Usury simply indicates that the person who lends the money expects a reward for the Use of it; and the word Interest indicates that

Digitized by Google

the person who lends the money is interested in, or a party to, the concern from which the gain is expected to be made. There is nothing in the original signification of the two words to show one proceeding as more legitimate than the other.

Certainly it is quite conceivable that a high rate of Interest might be grossly unfair, and a low rate only just and equitable; but this distinction of degree can hardly be the ground of *our* action, since there is nothing that we usually covet more or congratulate ourselves more upon than the obtaining of a high rate of interest for our money.

No—the reason, it seems to me, why we carry on out modern money-lending business without qualms lies simply in the fact that the practice is universal round us. Everybody (which in the "society" signification of the word means everyone who does not work with his hands) does it. Custom sanctions it; "the law allows it." And to most people involved in the practice it naturally never occurs to consider its rightfulness or wrongfulness at all.

But this does not make it the less incumbent on us—once we have looked into the matter—to get to the roots of it. Rather more. Let us grub at it then.

The fundamental principle of social life and just living can never, it seems to me, be too often brought forward. For some reason or other it is only too often liable to be obscured. It is this—that the existence and wellbeing of a people are secured by their collective labour, and that only by taking his part in that labour can each man have a right to the advantages which flow from it. Political Economy always begins with an island! At first all are workers, and by a few hours' work daily from each man sufficient of the necessaries and adornments even of life are produced (from the natural resources of the island) to maintain everyone in comfort. After a time it is found that the state of affairs has changed. Half the population

Digitized by Google

is now living in idleness—or at most engaged in occupations whose benefit to the community is very remote or dubious. The other half is working very hard—twice as many hours a day in fact as before—as it must do to keep things up to the former level.

This is a sad change for the worse. One half of the community is living in degrading slavery, has more work to do than can be done without injury and the blunting of noble powers. The other half is living in (far more) degrading dependence, and is suffering that injury to its soul which comes and must come from all meanness and selfishness.

This second state of affairs on the island is what we notice on our own Island to-day and in modern social life at large. The causes which have led up to it and the means by which it is kept going are manifold. The use of money and of capital, hereditary acquirements, monopoly of land, customs and laws now grown false and harmful, are some of the engines by which one part of the community retains its power over the other half. The problem of the little island is complicated, too, when we come to consider the big Island, by such matters as foreign trade, taxes, misunderstandings as to the nature of money, and all the cog-wheels big and little of social life—*but* essentially it is the same. These things only serve to disguise the fact that one class is living on the labour of another; they do not in any way alter the fact.

Let us look at the matter again. I have said that the money-lending classes are in our modern society enormously large. They are also enormously on the increase. It can hardly be otherwise. Let us suppose that in some society conducted on our present system *one* man (and only one at first) accumulates enough money to bring him in a substantial income—say £500 a year. Then that man is safe. He has escaped from the labour of feeding himself and children, and may fold his arms and amuse himself as he likes—he

Digitized by Google

has got on to the dry land beyond the flood—and this in perpetuity practically; for he may live as long as he can and then transmit the right to those who come after him. He is safe, and except by his own imprudence need never again join the throng of those who toil and spin. Presently another man accumulates the desired amount. He also "retires," and is safe. Then a third and fourth. Then hundreds and thousands, then a considerable proportion of the whole nation—where shall we stop? All the footsteps (with but few exceptions) point the same way. Few, who by their own exertions or those of their fathers and grandfathers, have reached the desired haven are likely to quit it again. The number *must* go on increasing—yet it is impossible for a whole nation to retire and suck its thumb! What is happening? This is happening—a vast and ever vaster proportion of the nation is getting (by force of existing social rights and machinery) to live on the labour of the rest. Every day, of those who are harnessed to the car of national life and prosperity, one or another by dint of extra forethought, prudence, miserliness, cunning, or whatever it may be, gets an advantage over the rest, leaves them, jumps *inside* the car, and thenceforth, instead of drawing, is drawn. The end is only too obvious. It is a *reductio ad absurdum* of national life. It is breakdown, smash up—and the car left in the ditch.

These are serious charges to bring against the practice of money-lending as carried on in modern society. Let us look at the other side of the question.

I have £500 which I have saved out of the products of my own labour—and which I have no immediate use for. My neighbour offers me 5 per cent per annum for the use of the sum, for a given period. Have I not a perfect right to accept his offer? Should I not be a perfect fool if I refused it?

Yes (in answer to the first question—the answer to

Digitized by Google

the second will perhaps appear later on) I have a perfect (legal) right to accept his offer. On this view Interest is a gratitude. It is presumably a payment made by the borrower in return for some advantage he derives from the money lent. It does not matter to me in a sense how he employs the money. He may merely squander it for his own amusement, or he may employ it as capital to bring him in a profit. In either case he gives me what I consider sufficient security for its repayment, and if he offers me 5 per cent interest besides it is because the advantage is worth that to him; and I have a perfect right to accept it.

Besides, am I not by lending this money actually in the second case benefiting society? Do I not put capital into the hands of a man who is willing and able to employ it, and thus actually encourage and further production? Nay more, I may go further, and waiving my request for a security may subscribe my funds directly to his concern, taking the risk and sharing some of the profits—may become a shareholder in fact. In doing this do I not benefit my country, and may I not pocket my returns with a glow of substantial and generous satisfaction?*

Yes, I believe that it is possible that in the ways mentioned I *may* be useful to society; and it seems to me very probable that, for instance, the Jew money-lender of the 13th and 14th centuries in England *was* a very useful member of society. At that time, when capital was scarce, and for the budding demands of commerce private individuals could often not supply sufficient funds, his services may have been indis-

* Under the term Money-lenders, I thus include both Bond and Shareholders—receivers of Interest and sharers of Profits. I am aware that current Political Economy draws a considerable distinction between these two classes. But though for scientific purposes such a distinction may be useful, yet practically, and as far as regards national advantage or social morality, I confess I do not see that it is of much importance.

Digitized by Google

pensable; and if he sometimes took undue advantage of his position, plentiful laws restrained him.

How then can it be that the gains of the modern money-lender, whether bond or shareholder, if just, should lead to such disastrous conclusions as I have pointed out? How can we reconcile the rightfulness of interest with the immorality of a life of idleness, and the meanness of a vast class supported by the excessive and exhausting labour of the mass of the people?

Is it possible that a practice which is wholesome and useful to society in a moderate or small degree may become highly dangerous when carried out on a large scale; that the Jew money-lender in consideration of his services could in his time really be tolerated, but that the shareholder has become an insupportable Old Man of the Sea who must be torn off and got rid of at all costs? Quite possible, I think; though I will not by any means say that this is the conclusion of the whole matter. Let us grub at it again.

Is it still not obvious that the poverty of the mass of the people stands in direct relationship to the wealth of the money-lending classes, that they are the two opposite sides or faces, in fact, of the same thing? Has that original illustration about the people on the island grown dim by reason of some considerations by the way which have been introduced? Let it stand out clear again. It cannot be got over.

Where does Interest come from? Have you ever thought of that?

If I lend £500 to a man, he may, as I have said, either squander it away or invest it as capital to bring him in a profit. The first case need not detain us long; it is in the main an exceptional case. If the borrower squanders my money, I shall probably have to sell him up to repay myself capital and interest; I shall not lend to him again, and that game soon comes to an end. The money-lending which constitutes the great problem of modern society is that which

Digitized by Google

is connected in some way or other with Capital. I lend my £500 to a man who employs it as capital in some concern, and the Interest which I receive comes out of the profits of that concern.

But where does it come from? Who pays it? How does the capitalist make his profit?

The capitalist buys raw material; he employs labour to work it up into a finished article; and he sells the finished article. These are the three processes of his business, and in one (or more) of these processes he must get more than he gives—otherwise he can make no profit. That is quite clear, I think. He is a clothier. He buys cloth, employs men and women to cut and stitch it, and sells coats. The coat contains so much cloth and so much added labour (including the labour necessary to replace the wear and tear of the sewing machines). And the value of the coat is equal to the value of the cloth plus the value of the labour put into it.

Where then does his profit come from? Not in the buying and selling of the mere cloth obviously. For he buys at the market price and must in the long run sell at the same. The profit comes to him in the buying and selling of the labour which he employs on the coat. How is that? It is not difficult to see. He gives his young women two shillings (generally less) for their day's work at the sewing machines. But the labour they put into the cloth is *worth* far more than two shillings; and the extra value the Capitalist gets in the market for his coat (above the value of the cloth out of which it is made) is the actual value of the labour put into it, not the value of the wretched wage which he gives. Thus it is that he gets more than he gives.

The process is simple enough. An article with say nine hours'—a whole day's—labour in it should fetch on the market an equivalent of nine hours' labour. This goes to the Capitalist. But does anyone for a



Digitized by Google

moment suppose that the two shillings that he gives to his workwoman is an equivalent, or anything like an equivalent, to *her* for that same nine hours? What, if you please, in the way of the ordinary necessaries of life does nine hours' labour represent? Godwin, the author of "Political Justice," calculated that a man with ordinary labour, unhampered by the rapacity of others, should be able in two hours daily to supply himself with the necessaries and conveniences of life. Bastiat, if I am not mistaken, mentions two and a half hours. Karl Marx, whose calculations on Capital I am following, supposes six hours' labour per diem necessary in order that a man may provide for himself, a wife, and two children. Of course an exact estimate on this subject is difficult to make. So far has society got from any simple and equitable relation between labour and its reward that we actually *do not know* how much (or how little) labour is required for a man to support himself in health and comfort. But all authors agree that it is very small compared with the nine hours' daily slavery which constitute the beginning and the end of a modern working man's life.

The nine hours' labour* then which our sempstress or machinist puts into the article *ought* to represent for her a comfortable subsistence for several days. It represents a bare living for one day. She ought to get say a value of 6s. for it. She receives 2s. The capitalist pockets the difference. The wretched girl makes him a present, or *has* to make him a present, of four days' work in the week. She gets the value of her labour for two. And this is where profits, where interest, under our present social system, come from.

The position of women in these matters is notoriously bad, but that of the male labourers, skilled or unskilled, is little better. Marx calculates that the ordinary cotton spinner makes a present to his master

* Twelve hours, with one and a half off for meals, is the more usual day's work, I believe, in this department.

Digitized by Google

of three days' work in the week. He puts six days' labour into the yarn, and his master in selling the cotton gets back the equivalent of that six days' labour, but he only gives the spinner the money value of three days' labour. "Under the old system of *corvée* a man was obliged to give say one day's work in the week, or at most two, to his feudal lord without any payment. Such a man, though he had the remaining five or six days wholly to himself, was thought little better than a slave. Nor was he. English capitalists would, of all men, subscribe largely to relieve human beings from continuing in such a shameful and degraded position. But here at home, we have men, women, and children, who are obliged to give four, five, six hours a day to the capitalist for nothing, and yet are thought free." *

Now let us take the case of a railway company (I am interested in this as I am a shareholder myself and should like to see how my dividends arise).

We (the shareholders) have subscribed our funds, and—to simplify the matter—we will suppose that we have bought over with a large portion of them the entire plant of an old company. This then forms our Capital Stock; and we can begin running trains at once. We shall have to maintain the permanent way and the rolling stock, and for this purpose shall have to employ a large number of men, besides purchasing materials from time to time; and we shall have a large staff of general servants and officials. Our chief expenditure therefore will be in wages. And our receipts will arise principally from the transport of goods and passengers. How do we expect to make our profits? Obviously by reducing the expenditure below the receipts.

We have to transport 20 truck-loads of coal. There is a lot of labour involved. There is the labour of

* *England for All*, by H. M. Hyndman, price 6d.—an excellent little book.

Digitized by Google

shunters and signalmen, of station-masters and plate-layers, of driver, stoker, and guard; there is the labour of those who replace the wear and tear of the line and of the rolling stock. All this labour and much more has to be considered. When totted up it constitutes the labour-value of the service rendered. What we expect to get in exchange for the service is an equivalent labour-value as expressed in money—that is to say, if we get £5 for the service it may be supposed that the labour necessary for the production of a piece of gold, value £5, is equivalent to the labour involved in the transport of the said 20 truck-loads of coal. This is the basis of all just exchange. It is possible however that we may get more than our labour-value. If we are secure from competition or have a monopoly of any kind, we may succeed in getting more than we give—simply because our customers cannot get their transport done at a less price through other channels. It is possible also that we may sometimes have to take actually less than the labour-value of our services rendered. How we can do this and yet make a profit we shall see presently.

The obvious method, through all this, of securing dividends is to *keep down wages.*

Let us take the three cases supposed. Let us first assume that the price we can get for our service represents exactly the just exchange—that we receive a labour-value from our customer exactly equal to that which we give him. How do we make our profits? How must we make our profits? Obviously by giving our own servants and workmen *less* than the labour-value of what they do for us—by giving them wages which do *not* represent their labour—which are not an equivalent for it.

Let us suppose, secondly, that the state of the market forces us for the time being to accept from the customer actually less than the labour-value of the service rendered; then obviously we are driven to

Digitized by Google

lower still farther the wages of our servants, to do them a more glaring injustice—that is, if we can; for on this depend our chances of a dividend.

These two cases are, I take it, by far the most common. An ordinary railway porter gets 17s. a week. He is on duty on an average 10½ hours a day; one week, nights; another week, days. He has every other Sunday off. That is he works 13 days in the fortnight. Thirteen days for 34s. Two shillings and eightpence a day. It is impossible for me to pretend that I pay that man for his work. The labour-value that he gives me is far more than what is represented by 2s. 8d. per diem—and I am living on the balance that I draw from him.*

I can buy in the street six boxes of matches for a penny. The capitalist must sell them at considerably less than that—say nine boxes for a penny. It is difficult for me to believe that the labour-value involved in the making of nine boxes of matches is not more than a penny. If so, this is a case in which the capitalist gets actually less value from the customer than he gives. What then must he give to his own workmen? This is a question which weighs upon me when I buy those six boxes. It is not a pleasant one; and I feel no desire any longer to glory in their cheapness.

To return to my railway. The third case remains unconsidered, in which I succeed in getting from my customer (for one reason or another) *more* than the value of the service rendered. When this happens I

* In case the system of "tips"—obnoxious both to donor and recipient—be brought forward as modifying these calculations (though not really affecting the main argument), let me quote the wages of another class of servants. Signalmen on the Midland line get an average of 23s. or 24s. a week. One that I am thinking of, and whose case may be taken as a representative one, is on day duty and night duty alternate weeks. His "days" are 11 hours long, his "nights" 13 hours. Every half-year if no negligence is reported he receives a *bonus* of 30s. He has four days' holiday allowed in the year, and alternate Sundays. An ordinary platelayer gets 18s. for a week of 58½ hours—exclusive of mealtime.

**

Digitized by Google

certainly *can* pay my servants and workmen the full value of their labour, and yet have a margin over for my own profit. And it would be useless to deny that this sometimes takes place. Workmen under the present system and with existing fluctuations in trade *sometimes* get in wages as much as (and even more than) the full value of their labour. But this is always an exceptional condition of affairs and does not last long. In such a case where do the profits of capital come from? If I charge my passenger for transporting him from Dover to London the full value of one man's labour for a day, and the human labour actually involved in the transport (reckoning up everything) has been only equal to one man's labour for three-quarters of a day—and I pay my servants justly for that—then I gain my profits clearly out of the passenger. I gain a quarter day's labour from him—that is, I cause him (or if he does not work himself, whoever works for him) to work a whole day for a service which only costs me (or my representatives) the labour of three-quarters of a day.

Thus, once more, it appears that my profits come, and must come, from the labour of others. They arise, and can only arise, from the fact that some portion of the labour connected with my business goes unremunerated. The proper remuneration of that portion I pocket for myself, and that is how my dividends arise.*

* Any railway company's report will illustrate these remarks. I quote the following figures from the accounts of the North-Eastern for the latter part of 1884. The total revenue for that half-year was £3,299,000. This enormous sum was expended as follows:—Wages (including salaries of officials), £1,078,000; purchase of materials, law costs, taxes, &c., £689,000; and the balance, £1,531,000 went almost entirely to the bond and share holders! That is, roughly speaking, one million sterling went to the workers who carried on the line, and one million and a half to the idlers who claimed interest on their capital; or, in other words, out of every ten hours that the signalman, engine-driver, or other servant or official worked, he gave six hours for the benefit of the share and bond holder, and only had four for himself.

Digitized by Google

That labour is the proper basis of exchangeable value is now assumed, I believe, by all Political Economists; that it is the source of all that is generally termed "Wealth" is obvious. It therefore needs no detailed argument to prove that if a class lives without labour, if it obtains wealth without working for it—it must be appropriating the labour of others, and the wealth that rightfully belongs to them. And this is the case, I fear, of the shareholder and of that vast class in this nation who live on interest and dividends.

But, it may well be asked, if this appropriation is unjust, why does the worker submit to it? Why does he allow a portion, and often a large portion, of his daily labour to go unremunerated?

The answer is: Because he cannot help himself. He sees and feels that it is unjust, but he is caught in the jaws of a vice and cannot move.

The matter lies in a nutshell. If the worker could employ himself, be his own Capitalist, then (and then only) could he get the full remuneration of his labour, for he would have no idle person to support in addition to himself and family. But in the existing state of affairs he cannot become his own Capitalist. Why? Because, of the two outlets of Capital—agriculture and industrial production—one is barred by our land system, the other by machinery.

In fact, if our workman, having saved up a little capital, proposes to buy a small piece of land and support himself upon it by his own labour and that of his family—he finds himself at the very outset met by the fact that he can hardly find such a piece of land to buy. The main portion of Great Britain is in the hands of a few thousand large owners. The quantity of land in the market is small, it is mostly in large and cumbrous holdings, the price is prohibitive, and the legal expenses and complications attending the transfer are vexatious and costly, the resul being that in his own country the workman finds himself an exile,

Digitized by Google

without a foot of soil which he can call his own, and unable to exert the labour which he longs to put into the ground, without hiring himself out, becoming a slave, a dependent, and giving half the profits of his toil to someone else.

If, on the other hand, he desires to embark his small savings in some form of industrial production, and to employ himself in that way, he finds that machinery forbids. For without machinery he cannot hope to compete in the market. And to acquire machinery and all that goes with it, he must lay out large sums of money, and be a large Capitalist at once.

Thus, absolutely unable on the present system to employ himself, the workman is thrown on the market —there to *sell his labour* to the Capitalist for what he can get.

Now we begin to perceive the operation of those two deities, worshiped by Political Economists— Supply and Demand. Think for a moment of the vast floating, fluctuating, tramping, toiling population that does the manual work of England to-day. "In the 15th century [I am quoting from Mr. Hyndman] a landless houseless family was almost unknown." What material for reflection lies in these words! Think of the vast patient toiling population of to-day, homeless, tramping from place to place, thrice blessed when it can get into some squalid corner of workshop or factory and *be allowed* to grind one eternal and monotonous operation for nine hours a day; remember that this population is so situated that it cannot employ itself; and then think of the capitalist class rolling through the streets in its carriages, monopolising the land and the instruments of production—at whose feet this working population has to kneel and beg for employment. Is it not a mockery to talk of Supply and Demand—or if not a mockery, are these two words so to rule us that all charity and human pity, nay, that all honesty and the demands of eternal

Digitized by Google

justice itself are to be set aside in their favour? The Demand is a demand for bread, the Supply—well, what is the supply? What is it as a matter of fact, what is it likely to be, from a class in power to a class that is forced to come and crouch at its feet? What has it been all the world over from the tyrant to the slave? A supply, alas! of insults and mockery, of chastisement and tears, and a crown of thorns placed upon the brow of despised and rejected Humanity.

The supply (in wages) is and obviously must be under the present system just sufficient to keep the labourer going—and, in the long run, no more. I think practically all political economists admit this. That whatever fluctuations there may be owing to the state of trade, whatever great accessions in the production of wealth owing to new and ever new mechanical inventions, in the end the wages of the workmen do tend and must under the capitalist system tend ever downwards to that minimum which just admits of the support of the workman and the perpetuation of his race. Capital, in fact, is limited into the hands of the few, and Labour is at the mercy of these few as to whether it shall be employed or not. The country may be full of Labour desiring to be employed, but if the capitalists do not see a way of turning it to their profit it remains unemployed. The object of all production, in fact, is not the providing for the people or the supply of the wants of the nation—but the profit of a small class. And if the small class is not profited the nation may starve! That is the long and short of it.

Nothing can illustrate this better than England at the present time. The land is full of men, honest excellent workmen, who hate idleness and desire work. Can anyone doubt that England would be a richer happier country if they were employed? If those men were only turned out on the farm lands now in every county running to thistles and docks—there to support themselves by their own labour—the country would by

Digitized by Google

that alone be millions of pounds richer. Yet these men roam the roads and with hungry eyes look over the hedges at fields all going to waste, at badly drained, uncared for, half-cultivated lands—in vain—because, forsooth! the capitalist and landlord classes do not find it suit their pockets to employ them. The same remark applies to industrial production. It is useless to say that there is not ample work for the industrial classes of England to do—work which would and must be profitable to themselves and the nation. The real question is whether it suits the capitalist classes to let them do it. But Lord Broadacre and Mr. Moneybag find they can get 10 per cent for their money in Mexican or Brazilian bonds, and it suits them very well to let their capital go out of the country—suits *them* better perhaps than employing the starving labourers in it. It matters not to them—it matters not to the great shareholding, dividend-drawing, and rent-receiving classes of this country what the condition is of the labouring masses from whom they draw their wealth. As a matter of fact they know little or nothing about it. I believe that thousands and thousands out of these classes *would*, if they only knew the facts of the case—if they could only realise the monotony and depression of the life of the mechanical wage-worker, the hopelessness of it, the bitter sense of wrong as he is driven to beg for employment from door to door—if they could only for one moment with the keen eye of justice see the honest relation between themselves and this man who stands without in the cold—see him as the true man and themselves as dependents—*would*, I say, if not out of pity out of very pride abandon their mode of life and rest no more till they had made some reparation. But for the most part, lapped in luxury and ease from their childhood onwards, ignorant of the real facts of life, nursed among absurd and impossible ideals, and flattered by class views and interests, living in houses

Digitized by Google

and quarters far away from the haunts of labour, and knowing nothing of the real heart of the People with all its mighty joys, aspirations and sufferings, they have no chance to see the thing in its broad true light, nor to understand the real nature of the position in which they are placed.*

Let me here pause to resume. In considering the morality of Interest I agreed that if one should offer me 5 per cent interest for the use of my £500 I should have a perfect right to accept it. How far do I feel my conclusion now modified by the foregoing investigations? A perfect *legal* right. Yes, that under the present conditions of society I certainly have. But what sort of right beyond that? what sort of human or moral right?

I confess that if the Labourer from whose overplus of work my Interest comes were himself in a substantial and flourishing condition, if for instance as in the 15th century he were himself a small landowner, and employer of his own labour, then, though I might have compunctions, I should still feel that he had a choice in the matter—that he was really at liberty to bargain with me on equal terms, and to pay me the overplus of his labour or withhold it as he might think fit. But as the circumstances are—seeing that the Labourer has no choice, that I practically have him by the throat, and that he must either pay me or die, I fear it is a little out of place to

* That the industrial classes themselves, however, understand it, and feel that it must come to an end, let the following portions of a letter from an artizan, a wire-worker, prove. Writing of a book, he says: "I glory in its onslaught on Modern Gentility and all its ignobilitys and fettered uselessness. I know its author would have them break their fetters and give them liberty. His strong language is most needful to get them to think at all on this subject, they live in such a flattered fools-paradise with such an absence of self-reliance. How unlike the early Greeks? or even the common English people. . . . This state of society has most certainly outlived its usefulness, and must die and England live."

Digitized by Google

talk of any kind of right at all—except that which comes of force.

Think once more of our island. There are two parties on it. One party possesses all the land (best not inquire how it got it!) and all the tools and implements of industry; the other party possesses nothing. This second party has to do all the labour. Of the fruits of its labour just enough is awarded to it to keep it alive and fit for work, the rest is claimed by the first party (under the names of rent, interest, profit, &c.) as a reward for its kindness in allowing the labourers to use its land and tools!

Why does the second party submit to anything so absurd? Simply because it is the most patient, broad-backed, good-humoured, simple, honest creature imaginable, and has never fairly opened its eyes to see through the juggle imposed upon it. But that flam cannot last long now. The day of the rule of class greed and wealth is almost at an end. The workers are waking up in England and all over Europe to their true position. In a few, very few, years, the antagonism will be declared on both sides. Perhaps in England the very next great crisis will bring an open declaration of war—if not (as may be hoped) actual conflict.

But before coming to anything so practical as a consideration of what has to be done in view of this huge and impending struggle, let me meet one objection to my general argument which just now occurs to me.

It is said that a state of society which only provides for manual labour and the physical wants of men is disastrous to all higher life and in every way far from desirable; and that to deprive men of the chance of living in "independence" (as it is called) would be to deprive the world of the services of many great thinkers, artists, philanthropists, and benefactors of the human race. Let me say first, and in passing as

Digitized by Google

it were, that if mere justice were done to the human masses at large they would not stand in need of so many philanthropists and benefactors! and that injustice can never in the nature of things grow a greater crop of human welfare and felicity than justice. Secondly, let me say that there is nothing to prevent society from recognising and paying the labour of the artist, the judge, and the thinker even,—as much as it recognises and rewards the labour of the mason and the quarryman; but that this would form no reason for maintaining a vast number of people in abject uselessness and idleness besides. Thirdly, let me say that the production of the necessaries of life *is* still the most important and the foundation element of national life, and that in our present England it is both in honour and in actual pursuit dangerously neglected in favour of the innumerable fancy-work with which it is overlaid. Fourthly, do not let us forget the manifold evils which arise from this so-called "independence"—the waste of life, and its good things, the ennui, unbelief, and ill-health—do not let us forget that this "independent" class is responsible for the creation of other classes—such as lawyers, domestic servants, doctors—who if not idle are themselves next to useless to the community, and therefore a burden upon it; and Fifthly, and most important of all, let me remind the reader that if the capitalist class were abolished and a fair share of work at the necessaries of life done by all parties in the nation—the average work so required would be only about three hours a day, perhaps less, thus leaving ample time in the remaining hours for other pursuits, and probably causing developments on the intellectual and artistic sides of civilisation hitherto unprecedented and undreamt of.

To proceed now with a consideration of what has to be done in the immediate future to meet the coming changes. The People are demanding, and will with rapidly increasing loudness demand, that the land of

Digitized by Google

this country and the instruments of production (meaning thereby Capital) shall be put once more into the hands of the producers. Under various names, as Nationalisation of the land, Nationalisation of Capital, Co-operation, Socialism, &c., they will practically demand one thing—namely, that the workers shall directly inherit the fruits of their work, and shall not be mulcted by secondary classes intervening between. The capitalist classes (as a body) will resist this demand; and there will be more or less open war for a considerable period, ending at last no doubt in the defeat of the capitalists. The end cannot really I think be doubtful, but the length of the struggle and the violence of it may depend on a variety of causes. It seems to me in the last degree improbable that any great proportion of the capitalist classes will admit the justice of or yield to the demands of the People; on the contrary, they will organise resistance; and the People will organise attack. And it is only too probable that antagonism will embitter and exaggerate the sense of wrong on both sides. Some few, however, among the capitalist classes will discern the substantial justice of the popular claims, and will have boldness to act up to their convictions; and on the action of these it may greatly depend whether the struggle be ultimately referred to the arbitrament of reason or of force.

In face of the rapidly spreading views (partly explained above) on the nature of rent, interest, and profits, the present attitude of the more well-meaning among the Capitalist classes towards the People seems very inadequate and indeed out of place. It is not patronage and kindly condescension that are required, but mere justice. From the person who has taken from you a large proportion of the fruits of your labour it is not agreeable to receive small doles to keep you from starvation. Charity organisations and unpaid magistracies and the current philanthropic schemes

Digitized by Google

indicate a benevolent intention on the part of those who promote them, but they also indicate an entire misconception as to where the root of the evil lies, and an incapability of realising the way in which the people themselves regard these attempts to remedy it.

On the other hand, perhaps the workers hardly realise how difficult it is for one of the dividend-receiving classes to extricate himself, when he finds his mistake, from the false position into which he has unconsciously got. Trained to no kind of manual work, perhaps to no useful work at all (for of how little real use to the community is the greater part of the work at present done in the select professions!), trained perhaps to no work of any kind, useful or unuseful, he (or she) finds it difficult to satisfy the desire now arising for an honest and faithful life. And indeed, the whole state of society around being dishonest and unfaithful, it is difficult for anyone to satisfy that desire.

Yet there are certain lines along which such a person may work with satisfaction—and which I may perhaps try to indicate. In the first place (and perhaps this is as a rule the best plan), remaining in that place or profession in which they are, they may try to make their work in it entirely honest and open, and as *useful* to others as possible, especially the poor. This will of course involve losses, monetary and otherwise, and ridicule. But nothing else can be expected or need be wished for. In the second place, to make this course of life feasible and to gradually gain independence from dividends, it will be necessary to reduce expenses greatly, and to adopt a very simple mode of life. The current mode of life among the capitalist people is so needlessly expensive and complex, that few of them, even the more economical, realise how easily it can be simplified, and with how much advantage to health and happiness. But really nowadays the adornments of life, as for instance, literature,

Digitized by Google

music, art, travel even, are so cheap that very little, after the necessaries have been provided for, is required for the satisfaction of mental wants. A great deal of ignorance no doubt exists among so-called well-to-do people about proper food (a matter in which humble country folk are far better instructed) and a great deal of unnecessary expense incurred in this item; but I have not the least doubt—and I am not speaking at random in this matter—that with £120 a year a man with a wife willing to do a fair share of work (and both of them free from any desire to make a pretence of grandeur—for this lies very much at the root of the matter) could bring up a little family in health and happiness—all taking their part in household life—and with education, culture, and refinement equal to any in the land. But such a change as this, or in this direction, at all generally adopted, would enormously alter the aspect of the nation, and bring us nearer to that ideal of social love, justice, and health from which we have so far strayed.

I dwell on these personal reforms first, because surely to each individual they must come first—before any more wide-reaching sphere of usefulness can be reached. Any capitalist or shareholding sort of person who carried out this plan of living would probably after a time find that he (or she) had a considerable balance at the bank to dispose of. He would then have to consider what to do with it. And he would find himself much nearer than before to a practical realisation of the advice which Jesus gave to the young man with great possessions.

Without attempting to limit the directions in which such a person might with his money try to benefit the mass of the People, as in some sort of reparation for having taken it from them, I would suggest that at present the great need of the People (as mentioned above) is to get capital into their own hands for the purpose of employing their own labour. This can only

Digitized by Google

be done by Co-operation, either on a small scale, or by the nation at large. Anything therefore which will further Co-operation, either by the founding of productive societies, or by a dissemination of ideas on the subject, will I think be especially useful. Furthermore, and beyond this kind of Co-operation, something of the nature of National Co-operation is to be aimed at. This practically, and dropping details, means Socialism, which I take it is simply the substitution of the rule of general advantage for the rule of individual greed, as represented by Capitalism. The word Socialism has an unpleasant flavour about it. Like every new word or idea which comes into the world, it carries with it something repugnant and offensive; and those who view it from the outside take it to mean confusion, destruction, and disorder. But those who view it from within see that it really means order and law far more than the system it is destined to replace. Indeed, if anything, the danger of Socialism—and one that will have to be guarded against—will be its representing too much order and law, and so being inimical to individual eccentricity and development.

Behind this word, and giving it authority, stands the huge personality of Democracy, the rule of the mass of the people—their interests rather than the interests of the aristocratic or commercial classes. To many serious and thoughtful folk this rule seems full of danger. To them it appears that the working classes, whatever virtues they may have, are essentially disorderly, turbulent, clamorous, and disregardful of rights—and that therefore (as undoubtedly would be the case if this were true) they are and always must be unfit—either directly or through representatives—to be the practical rulers of society. I believe myself, however, that this is a complete mistake—a mistake due to ignorance, and to hasty generalisation of those isolated occasions when the people have hitherto forced themselves into notice like volcanic lava

Digitized by Google

through the upper crust of society's indifference and repression. It happens to me to have had perhaps exceptional opportunities of knowing the various main strata of English social life—the fashionable, the intellectual, the commercial classes, and the proletariat. I may say I have spent several years in each stratum and mixed freely and wellnigh exclusively in each case with those belonging to it—and without dogmatising on the matter, my decided opinion is that the more stable section of the working masses is the real backbone of the nation. My opinion is that this class (if it can be called a class) is in sound sense, orderliness, affectionateness, and wholesome instinct, moral and physical, far superior to the rest of the nation; that in intellect, if not equal to the detailed work of the scientific people, it has a plain strong mastery derived from its contact with the actual facts of life, which is most if not more important; and that in dealing with moral and political problems it uses a broad sense and tact which often lead it to just conclusions when professional politicians and moralists are floundering among expediencies and casuistries.

Of course the same old blood runs everywhere; and in all sections of social life, as far as I can see, you find the same characters, and differences of character, temperament, passion, and intellect. But undoubtedly the habits of life of each class give a special cast and expression to the average underlying humanity. The fashionable, the intellectual, and the commercial classes are each narrowed down in their different ways and along their own lines; that great class which lives in direct contact with Nature and the actual facts of life seems to me (notwithstanding the specially trying circumstances of its life in the present day) to be by far the least narrowed, to be by far the most *human;* and I shall always be thankful that I have come to know it, as I have done, and to learn some of the best lessons of my life from it.

Digitized by Google

I do not think therefore that in contemplating the changes that are coming upon society, the change from the rule of Capital to the rule of Labour, from Plutocracy to Democracy, from Constitutionalism to Socialism—or whatever you like to call it—we need be alarmed about the upshot or imagine that chaos is before us. For my part I hail the oncoming of this change, and believe that, through whatever struggle and suffering for the time, it will end in the establishment of a far nobler freer life in the land and in a broader overshadowing of the wings of justice and of peace.

JOHN HEYWOOD, Excelsior Steam Printing and Bookbinding Works, Hulme Hall Road, Manchester.

Digitized by Google

## BY THE SAME AUTHOR.

TOWARDS DEMOCRACY. New edition, with numerous added Poems, crown 8vo, cloth, 260 pp. Price 2s. 6d.

MODERN SCIENCE: a Criticism. Crown 8vo, paper, 76 pp. Price 1s.

DESIRABLE MANSIONS. A Pamphlet. Price 1d.

CO-OPERATIVE PRODUCTION. „ Price 1d.

ENGLAND'S IDEAL. „ Price 2d.

To be had of the Publisher,
JOHN HEYWOOD, DEANSGATE AND RIDGEFIELD, MANCHESTER; AND
11, PATERNOSTER BUILDINGS, LONDON.

Digitized by Google

Digitized by Google

Digitized by Google

Digitized by Google

Digitized by Google